新特能源

XINTE ENERGY CO., LTD.
新特能源股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1799)

Results Announcement For the Year Ended 31 December 2016

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2016, revenue amounted to RMB12,001.30 million, representing an increase of 27.12% over the corresponding period of last year.
- For the year ended 31 December 2016, profit before income tax amounted to RMB947.87 million, representing an increase of 33.84% over the corresponding period of last year.
- For the year ended 31 December 2016, net profit attributable to owners of the Company amounted to RMB801.13 million, representing an increase of 30.94% over the corresponding period of last year.
- For the year ended 31 December 2016, earnings per share amounted to RMB0.77, representing an increase of RMB0.01 over the corresponding period of last year.
- The Board recommended a final dividend of RMB0.12 per share (tax inclusive) for the year ended 31 December 2016, subject to the approval at the Company's forthcoming annual general meeting.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2015. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED BALANCE SHEET

	Note	As of 31 December 2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,984,258**	9,831,693
Land use rights		**546,735**	503,946
Intangible assets		**48,580**	54,431
Investments accounted for using the equity method		**94,441**	102,640
Available-for-sale financial assets		**1,000**	1,000
Deferred income tax assets		**136,394**	82,644
Other non-current assets		**1,091,667**	351,864
Total non-current assets		**13,903,075**	10,928,218
Current assets			
Inventories		**4,401,280**	4,383,438
Amounts due from customers for contract work		**2,387,570**	1,342,701
Other current assets		**269,586**	292,664
Trade and notes receivable	4	**3,247,106**	3,036,457
Prepayments and other receivables		**755,465**	1,097,419
Restricted cash		**950,525**	1,285,993
Cash and cash equivalents		**1,897,947**	2,862,403
Total current assets		**13,909,479**	14,301,075
Total assets		**27,812,554**	25,229,293

CONSOLIDATED BALANCE SHEET *(continued)*

		As of 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
EQUITY			
Equity attribute to owners of the Company			
Share capital		**1,045,005**	1,024,228
Share premium		**5,030,375**	4,902,097
Other reserves		**353,024**	295,378
Retained earnings		**1,831,898**	1,182,991
		8,260,302	7,404,694
Non-controlling interests		**51,442**	46,242
Total equity		**8,311,744**	7,450,936
LIABILITIES			
Non-current liabilities			
Borrowings		**6,336,601**	3,326,500
Deferred government grants		**361,680**	353,666
Total non-current liabilities		**6,698,281**	3,680,166
Current liabilities			
Trade and notes payable	5	**6,935,441**	7,667,365
Provisions and other payables		**2,253,427**	1,625,719
Amounts due to customers for contract work		**144,563**	257,551
Current income tax liabilities		**36,865**	45,928
Borrowings		**3,432,233**	4,501,628
Total current liabilities		**12,802,529**	14,098,191
Total liabilities		**19,500,810**	17,778,357
Total equity and liabilities		**27,812,554**	25,229,293

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Revenue	3	**12,001,303**	9,440,899
Cost of sales		**(10,005,131)**	(7,837,326)
Gross profit		**1,996,172**	1,603,573
Selling and marketing expenses		**(364,192)**	(266,014)
General and administrative expenses		**(593,604)**	(566,184)
Other income		**95,934**	189,074
Other gains — net		**35,223**	6,326
Operating profit		**1,169,533**	966,775
Interest income		**26,255**	32,931
Finance expenses		**(249,731)**	(294,687)
Financial expenses — net		**(223,476)**	(261,756)
Share of profit of investments accounted for using the equity method		**1,808**	3,198
Profit before income tax		**947,865**	708,217
Income tax expense	6	**(141,532)**	(89,073)
Profit for the year		**806,333**	619,144

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

		Year ended 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**801,133**	611,817
Non-controlling interests		**5,200**	7,327
		806,333	619,144
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Currency translation differences		**23**	555
Total comprehensive income for the year		**806,356**	619,699
Total comprehensive income for the year attributable to:			
Owners of the Company		**801,156**	612,372
Non-controlling interests		**5,200**	7,327
		806,356	619,699
Earnings per share for profit attribute to owners of the Company			
Basic earnings per share (RMB)	7	**0.77**	0.76
Diluted earnings per share (RMB)	7	**0.77**	0.76

1 GENERAL INFORMATION

Xinte Energy Co., Ltd. (新特能源股份有限公司) (the "Company") was established in the People's Republic of China ("China" or the "PRC") on 20 February 2008 as a limited liability company. On 16 October 2012, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company's registered office is No. 2499, Mianguangdong Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), High-tech Industrial Development Zone (New Downtown), Urumqi, Xinjiang Uygur Autonomous Region, the PRC.

The Company's parent company and ultimate holding company is TBEA Co., Ltd. (特變電工股份有限公司) ("TBEA"), a joint stock company with limited liability incorporated in the PRC.

The Company and its subsidiaries (the "Group") are principally engaged in polysilicon production and rendering of engineering and construction contracting ("ECC") service for solar and wind power plants and systems.

On 30 December 2015, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange")("IPO").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards and annual development adopted by the Group

The following new and amended standards or annual improvements have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Amendments to International Accounting Standards ("IAS") 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to IAS 27 "Equity Method in Separate Financial Statements"
- Amendments to IAS 1 "Disclosure Initiative"
- Annual Improvements 2012–2014 cycle

The adoption of the above mentioned new and amended standards and annual improvements did not result in any significant impact on the current period or any prior period and is not likely to affect future periods.

(b) New and amended standards issued but not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15, 'Revenue from contracts with customers'

A new standard for the recognition of revenue has been issued. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements:

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

3 SEGMENT INFORMATION

The chief operating decision-makers ("CODM") have been identified as the chief executive officer, deputy general manager and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments on the basis of these reports. As the Group's operations are primarily located in the PRC, the CODM considers the business from a product and service perspective. Management separately considers polysilicon production, ECC, PV wafer and module manufacturing and build-own-operate of power plants ("BOO") as reportable operating segments. Others segment mainly comprises of businesses including inverter manufacturing, trading design services and logistics services.

During the year ended 31 December 2016, the portion of sales from the self-owned coal-fired power plant to supply electricity to the polysilicon production segment continued to increase, the CODM does not consider the sales of electricity to be a business that should be separately reviewed. Therefore, the Group has combined the sales of electricity with polysilicon production segment; the comparatives have been restated.

In addition, since the inverter manufacturing segment does not meet the quantitative thresholds required by IFRS 8 for reportable segments, the CODM has combined the inverter manufacturing with others segment; the comparatives have also been restated.

The CODM assesses the performance of the operating segments based on revenue and gross profit margin. Sales and other transactions between segments are carried out based on terms and conditions mutually agreed between the relevant parties. The CODM evaluate the performance of the reportable segments based on gross profit margin. The measurement of segment revenue and results reported to the CODM are in a manner consistent with that in the consolidated statement of comprehensive income. The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the balance sheet. These assets are allocated based on the operations of the segment.

For the year end 31 December 2016:

	Polysilicon production *RMB'000*	ECC *RMB'000*	PV wafer and module manufacturing *RMB'000*	BOO *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue and results							
Total segment revenue	2,560,990	8,830,293	212,641	127,677	861,268	(591,566)	12,001,303
Inter-segment revenue	(18,295)	(398,283)	(8,561)	—	(166,427)	591,566	—
Revenue from external customers	2,542,695	8,432,010	204,080	127,677	694,841	—	12,001,303
Segment results	863,953	937,200	(75,506)	91,077	179,448	—	1,996,172
Amortisation	14,209	2,556	825	6,673	4,628	—	28,891
Depreciation	476,460	12,209	30,127	25,503	14,397	—	558,696
Provisions of impairment:							
— trade and other receivables	(1,584)	9,405	113	5,965	(1,645)	—	12,254
— property, plant and equipment	—	—	81,809	—	—	—	81,809
— inventory	—	52,480	—	—	133	—	52,613
— construction contracts	—	134	—	—	—	—	134
Share of profit of investments accounted for using the equity method	—	1,808	—	—	—	—	1,808

For the year ended 31 December 2015 (Restated):

	Polysilicon production *RMB'000*	ECC *RMB'000*	PV wafer and module manufacturing *RMB'000*	BOO *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue and results							
Total segment revenue	2,526,306	6,232,993	297,039	—	965,256	(580,695)	9,440,899
Inter-segment revenue	(13,499)	(274,798)	(52,764)	—	(239,634)	580,695	—
Revenue from external customers	2,512,807	5,958,195	244,275	—	725,622	—	9,440,899
Segment results	775,909	805,177	(139,095)	—	161,582	—	1,603,573
Amortisation	14,934	2,664	830	—	3,531	—	21,959
Depreciation	450,700	6,041	40,441	—	7,598	—	504,780
Provisions of impairment:							
— trade and other receivables	2,574	8,781	(631)	—	8,785	—	19,509
— property, plant and equipment	—	—	97,300	—	—	—	97,300
— intangible assets	—	2,746	—	—	—	—	2,746
— inventory	—	—	35,116	—	—	—	35,116
— construction contracts	—	108	—	—	—	—	108
Share of profit of investments accounted for using the equity method	—	3,198	—	—	—	—	3,198

A reconciliation of segment results to total profit for the year is provided as follows:

	Year ended 31 December **2016** *RMB'000*	2015 *RMB'000*
Polysilicon production	**863,953**	775,909
ECC	**937,200**	805,177
PV wafer and module manufacturing	**(75,506)**	(139,095)
BOO	**91,077**	—
Others	**179,448**	161,582
Total segment results for reportable segments	**1,996,172**	1,603,573
Selling and marketing expenses	**(364,192)**	(266,014)
General and administrative expenses	**(593,604)**	(566,184)
Other income	**95,934**	189,074
Other gains — net	**35,223**	6,326
Finance expenses — net	**(223,476)**	(261,756)
Share of profit of investments accounted for using the equity method	**1,808**	3,198
Profit before income tax	**947,865**	708,217
Income tax expense	**(141,532)**	(89,073)
Profit for the year	**806,333**	619,144

The segment assets as of 31 December 2016 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
As of 31 December 2016							
Segment assets	**12,434,237**	**12,272,027**	**731,536**	**5,199,155**	**2,152,268**	**(5,207,504)**	**27,581,719**
Investments accounted for using the equity method	**—**	**94,441**	**—**	**—**	**—**	**—**	**94,441**
	12,434,237	**12,366,468**	**731,536**	**5,199,155**	**2,152,268**	**(5,207,504)**	**27,676,160**
Unallocated assets							**136,394**
Total assets							**27,812,554**
Additions to non-current assets	**490,699**	**479,429**	**859**	**1,641,110**	**273,300**	**—**	**2,885,397**
As of 31 December 2015							
Segment assets	12,182,451	11,609,998	584,007	3,596,431	1,565,125	(4,494,003)	25,044,009
Investments accounted for using the equity method	—	102,640	—	—	—	—	102,640
	12,182,451	11,712,638	584,007	3,596,431	1,565,125	(4,494,003)	25,146,649
Unallocated assets							82,644
Total assets							25,229,293
Additions to non-current assets	186,239	58,091	2,921	1,935,088	93,578	—	2,275,917

Entity-wide information

Breakdown of the revenue from all goods and services is as follows:

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Provision of ECC services	**8,432,010**	5,958,195
Sales of goods	**3,277,165**	3,365,271
Provision of services other than ECC	**292,128**	117,433
	12,001,303	9,440,899

Revenue from external customers in the PRC and other countries is as follows:

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
The PRC	**11,796,511**	8,641,159
Other countries	**204,792**	799,740
	12,001,303	9,440,899

There was no single external customer contributed more than 10% of the total revenue for the years ended 31 December 2015. For the year ended 31 December 2016, there was one external customer contributed more than 10% of the total revenue and attributable to ECC services segment, with its proportion as 11% in the total revenue of the year.

At 31 December 2015 and 2016, all the Group's non-current assets, other than deferred income tax assets are primarily located in the PRC.

4 TRADE AND NOTES RECEIVABLE

	As of 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Trade receivables	**1,642,990**	2,068,937
Notes receivable	**1,686,716**	1,036,894
	3,329,706	3,105,831
Less: provision for impairment	**(82,600)**	(69,374)
	3,247,106	3,036,457

Notes receivable of the Group are bank acceptance notes and trade acceptance notes with maturity dates within six months.

Aging analysis of the Group's gross trade receivables based on the due date at the respective balance sheet dates is as follows:

	As of 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Within 3 months	**307,968**	923,229
4 to 6 months	**387,417**	407,570
6 months to 1 year	**432,432**	381,409
1 to 2 years	**395,020**	305,829
2 to 3 years	**87,576**	34,513
Over 3 years	**32,577**	16,387
	1,642,990	2,068,937

Most of the Group's trade receivables are due upon the issuance of the invoices, except for retention money which would primarily be collected within 1–2 years after the completion of the sales.

5 TRADE AND NOTES PAYABLE

	As of 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Trade payables	**3,434,521**	3,385,869
Notes payable	**3,500,920**	4,281,496
	6,935,441	7,667,365

The aging analysis of trade payables is as follows:

	As of 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Within 1 year	**2,943,005**	3,087,267
1 to 2 years	**437,115**	258,517
2 to 3 years	**34,738**	27,123
Over 3 years	**19,663**	12,962
	3,434,521	3,385,869

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Current income tax expense	**195,282**	130,257
Deferred income tax benefit	**(53,750)**	(41,184)
	141,532	89,073

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	Year ended 31 December	
	2016	**2015**
	RMB'000	*RMB'000*
Profit before income tax	**947,865**	708,217
Tax expense calculated at applicable statutory tax rate of 25%	**236,966**	177,054
Effect of difference between applicable tax rate and statutory tax rate	**(77,938)**	(66,589)
Tax losses and other temporary differences for which no deferred income tax assets were recognised	**12,096**	17,448
Utilisation of previously unrecognised temporary differences and tax losses	**(18,711)**	(4,738)
Elimination of transactions with associates	**10,180**	(610)
Expenses not deductible for taxation purposes	**3,013**	5,358
Tax credits and additional deduction entitlements	**(24,074)**	(38,850)
	141,532	89,073

Most of the companies now comprising the Group are subject to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% on the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations except that certain subsidiaries were exempted or taxed at preferential rate of 15%.

Tax credits and additional deduction entitlements mainly represent tax credit for purchases of qualified environmental protection equipment and research and development expenses eligible for additional tax deduction.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2016.

	Year ended 31 December	
	2016	**2015**
Profit attributable to owners of the Company (RMB'000)	**801,133**	611,817
Weighted average number of ordinary shares in issue (thousands)	**1,043,857**	805,350
Basic earnings per share (RMB)	**0.77**	0.76

(b) Diluted

No dilutive effect on earnings per share for the years ended 31 December 2015 and 2016, as the Group had no dilutive potential ordinary shares.

8 DIVIDENDS

On the board meeting held on 24 March 2017, the Board proposed payment of a final dividend of RMB0.12 (tax inclusive) per share for the year ended 31 December 2016, totaling RMB125,400,619. Such dividend is to be approved by the shareholders of the Company on the forthcoming annual general meeting. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

Final dividend of RMB0.1 per share for the year ended 31 December 2015, totalling RMB104,500,516 was approved in the annual general meeting of the Company held on 16 June 2016, and RMB41,607,871 was paid as of 31 December 2016 (as of 31 December 2015: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

I. Review on Industry Development Trend

2016 was the opening year of energy development in the "13th Five-Year Plan" (「十三五」規劃)in China, and the new energy industry witnessed another explosive growth under the electricity tariffs adjustment window. The new installed capacity of photovoltatic ("**PV**") was 34.54GW and wind power was 19.30GW. Despite the rapid development, the poor on-grid consumption capacity and low system efficiency became obvious problems. Therefore, the Chinese Government introduced various policies to accelerate the development of the new energy industry in 2016 to ensure the successful implementation of energy development in the "13th Five-Year Plan".

1. Review of Major Policies

(1) Formulating the policy of minimum guaranteed purchase

- In March 2016, the National Development and Reform Commission ("**NDRC**") issued the Measures for the Administration of the Guaranteed Purchase of Electricity Generated by Renewable Energy (《可再生能源發電全額保障性收購管理辦法》), which specified that the policy of the guaranteed annual utilization hours should be executed in the regions with grid curtailment and that the excessive annual utilization hours may be traded in market, and provided policy basis and feasibility to ensure the reasonable economic returns for wind and PV power projects in such regions with grid curtailment.

- In May 2016, the NDRC and the National Energy Administration ("**NEA**") issued the Notice on Guaranteed Purchase of Electricity Generated from Wind and PV Power (《關於做好風電、光伏發電全額保障性收購管理工作的通知》), which approved and announced the annual utilization hours required for guaranteed purchase of wind and PV power generated in the regions of wind and PV power curtailment, and related settlement and regulatory requirements, and encouraged each relevant province (district and city) to propose and implement higher guaranteed target.

(2) Accelerating structure adjustment of energy resources

- In March 2016, NEA issued the Notice on Issuing the National Development and Construction Plan of Wind Power for 2016(《關於下達 2016 年全國風電開發建設方案的通知》). The notice pointed out that the total target of the newly increased approval capacity for national wind power development and construction would reach 30.83GW in 2016, and the scheme on large-scale wind power bases planned by each location would not be subject to the annual construction scale limit.

- In June 2016, NEA issued the Notice on Issuing the Construction and Implementation Plan of PV Generation for 2016(《關於下達 2016 年光伏發電建設實施方案的通知》). The notice pointed out that the total target of the newly increase approval capacity for national PV plants for 2016 would be 18.1GW, including 12.6GW generated by the ordinary PV plants and 5.5GW generated by the PV fore-runner technology bases (光伏領砲者技術基地), but excluding the capacity of PV poverty alleviation programs.

- In October 2016, NEA and the State Council Leading Group Office of Poverty Alleviation and Development issued the Notice on Issuing the First Batch of PV Poverty Alleviation Programs (《關於下達第一批光伏扶貧項目的通知》). The notice specified the total scale of 5.16GW for the first batch of PV poverty alleviation programs, including 2.98GW generated by centralized above-ground power plants in total.

- In November 2016, NEA issued the Notice on Publication of Wind Power Development in the "13th Five-Year Plan" (《關於印發風電發展「十三五」規劃的通知》). The Plan pointed out and guaranteed that by the end of 2020, the total installed grid-connected wind power capacity should amount to 210GW or more, and the wind power generation output should reach 420 billion kWh, representing 6% of total power generation output in China.

- In December 2016, NEA issued the Notice on Publication of Solar Power Development in the "13th Five-Year Plan" (《關於印發太陽能發展「十三五」規劃的通知》). The Plan pointed out that by the end of 2020, the installed solar power capacity should amount up to 110GW, of which the installed PV capacity should amount up to 105GW.

(3) Promoting the grid parity of new energy

- In December 2016, NDRC issued the Notice Regarding the Adjustment to Benchmark On-grid Tariffs of PV and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標杆上網電價的通知》). In order to realize the grid parity goal in 2020 and reasonably guide the investment in new energy, the on-grid benchmark tariffs of PV and onshore wind power generation would be further lowered following the adjustment in the end of 2015. Based on different resource zones, the on-grid benchmark tariffs of PV generation was adjusted to be RMB0.65–0.85/kWh (tax inclusive), and that of wind power generation was adjusted to be RMB0.40–0.57/kWh (tax inclusive).

2. *Review of Development Trends of Polysilicon Industry*

According to the statistics of China Nonferrous Metals Industry Association Silicon Industry Branch (中國有色金屬工業協會硅業分會), the global polysilicon output reached 384,000 tons in the whole year of 2016, representing an increase of 9.7% over the same period of the preceding year; among which China's output was 193,000 tons, representing an increase of 14.2% over the same period of the preceding year, accounting for 50.3% of the total global output. The proportion exceeded 50% for the first time, and China became the largest polysilicon manufacturer in the world. In 2016, China produced approximately 193,000 tons of polysilicon, while imports and reserves from 2015 were approximately 140,000 tons in total. The total supply amounted to 333,000 tons, and the total consumption amounted to 334,000 tons, representing a balanced supply-demand relation.

In the first half of 2016, affected by the adjustment of benchmark on-grid tariff policy of PV generation, the downstream terminal market witnessed a rush installation. Domestic polysilicon market suffered short supply. Following the rush installation before 30 June, the downstream demand suffered an unprecedented downturn, and polysilicon prices constantly declined until late September. In the fourth quarter, both the sharp decreases in supply due to the shutdown and overhauling of most polysilicon enterprises and the introduction of new notice regarding the adjustment of on-grid benchmark tariffs of new energy stimulated the terminal market to some extent, and supported the bottoming out of polysilicon prices.

In 2016, the annual average polysilicon price was RMB127,800 per ton in China, representing a slight increase of 6.5% over the same period of the preceding year. In 2016, domestic polysilicon prices experienced high volatility, showing an "N" trend during the whole year. The weekly average price constantly rose from RMB105,400 per ton at the beginning of January to RMB147,800 per ton by the end of June, representing an increase of 40.2%, and then sharply declined to RMB86,500 per ton (a historic low) by the end of September, representing a decrease up to 41.5%, which rebounded in the last week of September and constantly rose to RMB139,000 per ton by the end of December, representing an increase up to 60.7%.

3. *Review of Development Trends of the PV Generation Industry*

According to the statistics of NEA, the PV generation in China transferred towards Central and Eastern China in 2016, the newly increased installed capacity of PV generation was 9.74GW in the Northwest China, representing 28% of the total capacity in China; the newly installed capacity in the regions other than Northwest China was 24.80GW, representing 72% of the total capacity in China; and there were nine provinces in Central and Eastern China with newly increased installed capacity exceeding 1GW.

In 2016, the newly increased installed capacity of PV generation in China amounted to 34.54GW, and the accumulated installed capacity amounted to 77.42GW, with the both of them being the largest in the world. Of which, the accumulated installed capacity of ground-based PV plants was 67.10GW, and that of the distributed plants was 10.32GW in total. The annual power generation in 2016 amounted to 66.2 billion kWh, representing 1% of the total annual PV generation in China. The annual PV curtailment amounted to 7.4 billion kWh, of which PV curtailment in 5 provinces in the northwest amounted to a total of 7.042 billion kWh, representing nearly 95% of the total PV curtailment in China. Operation of PV generation was relatively difficult in Xinjiang, Gansu, with a PV curtailment rate of 32.23% and 30.45%, respectively.

4. Review of Development Trends of the Wind Power Generation Industry

The Global Wind Energy Council reported that over 54.6GW of newly increased capacity was installed globally in 2016, and the accumulated global installed capacity reached 486.7GW, which was led by China, U.S., Germany and India. Although the newly increased installed capacity failed to break the record created in 2015, it still arrived at a satisfactory level.

According to the statistics of NEA, the national wind power development was kept at a sound level in 2016, with 19.30GW of newly installed capacity of wind power generation, while the accumulated installed capacity for grid-connection reached 149 million kW, which was 9% of the total installed power-generating capacity for grid-connection; the wind power generation was 241 billion kWh, which was 4% of the total power generation. In 2016, the annual average utilization time of wind power in China was 1,742 hours, representing an increase of 14 hours over the same period of the preceding year; wind energy curtailment was 49.7 billion kWh for the whole year. The wind energy curtailment was serious in Gansu, Xinjiang, Jilin and Inner Mongolia. The total wind energy curtailment in such four regions was nearly 80% of that in China, of which Gansu and Xinjiang accounted for 43% and 38% respectively.

II. The main business operations of the Group

During the Reporting Period, opportunities and difficulties co-existed and the Group achieved good results through enhancing safety assurance, seizing market opportunity and deepening lean production. During the Reporting Period, the Group achieved revenue of RMB12,001.30 million and net profit attributable to owners of RMB801.13 million, representing an increase of 27.12% and 30.94% respectively over the same period of the preceding year.

1. Polysilicon Production and Sales

In 2016, after making assessment of the risk tolerance of its production lines and self-owned power plants based on the analysis result of price movement trend of polysilicon, the Group successfully captured the opportunity by arranging the annual overhaul work in the second half of the year. Meanwhile, the Group obtained a decent economic benefit by reinforcing quality management, improving process and cost control. The production volume and sales volume of polysilicon amounted to 22,800 tons in the whole year, representing an increase of 5.56% as compared with the corresponding period last year. In 2016, gross profit attributable to polysilicon business amounted to RMB863.95 million, representing an increase of 11.35% as compared with the corresponding period in the preceding year.

In the second half of 2016, the Group carried out technological transformation projects for its polysilicon production lines. Upon completion of such projects, the total production volume of polysilicon will reach 30,000 tons per year. The scale effect of production will also be further enhanced and unit production cost of polysilicon will be further reduced. Due to thorough planning in the early stage, the Group completed the drawing design and selection of equipment as well as the purchase and installation of certain equipment in a relatively short period. It is expected that the project will be completed and put into operation in the first half of 2017.

The Group ranks among the first class in terms of polysilicon cost and quality. Currently, primary solar grade polysilicon and electronic grade polysilicon accounted for more than 55% and 30% of the total production volume of polysilicon of the Group, respectively. By implementing the program of "Growing with Our Clients (客戶共同成長)", the Group has been able to fully understand the needs of its major clients. The manufacturing parameters were fine-tuned in order to provide a variety of customized products to its clients. Apart from this, the Group offered optimized proportion schemes to its clients, thereby gradually turning from a single polysilicon provider into a solution service provider, which also enabled the Group to establish long-term and well-established relationships with midstream and downstream enterprises.

2. ***Development and Reserve of Domestic PV and Wind Power Resources in China***

In 2016, Northwest China faced harsh curtailment of new energy generation and reduced quota for conventional PV plants. Subject to changes in market forms such as bid auction for large bases, PV poverty alleviation, distributed, complementation of agriculture, forestry, fishery, animal husbandry and PV, etc. and guidance by national policies, the Group caught up with current trend of the market, seized resources, accumulated development momentum and made full adjustment of our strategical development plans.

The Group was awarded contracts for four "PV Fore-runner" projects in Yangquan, Ruicheng, Xintai and Baotou by taking advantage of technology and meticulously designing based on quality, efficiency and costs. The Group undertook the 70MW Olympic PV corridor project in Xuanhua, Hebei. The Group managed to win a number of bids for contracts of a combined quantity of 370MW for the "PV Fore-runner" project in 2016, enabling it to be the top three in China in terms of the total size of contracts awarded and thus establishing reserves for future development.

In addition, the Group won a bid for a 220MW renewable energy micro-grid demonstration project in the Plain and Bordered White Banner, Erenhot, Inner Mongolia, being the first batch of large-scale regional micro-grid demonstration project in China. The project took PV and wind power as main power resources supported by energy storage technology and had an aim of high proportion renewable energy absorption, making it a technological benchmark for efficient utilization of future renewable resources combining wind power, PV, reserve, distribution and usage.

In 2016, the Group achieved a total installed capacity of 1,468.16 MW for projects such as the EPC and BT under the completed and confirmed acquisitions of PV and wind power stations. As of 31 December 2016, the Company had 648.5 MW for BT projects under construction and completed pending for transfer. The Group had advanced pipeline projects with installed capacity of over 2GW in total. The above-mentioned advanced pipeline projects lay a solid foundation for the development of the Group.

3. *BOO Projects*

The strategic transformation of the Group from a wind and PV power plant builder to an operator in 2015 achieved diversified channels of income and further increased profitability. The Group had a total of 520MW BOO projects completed by the end of 2016.

In 2016, BOO projects of the Group generated a cumulative electricity output of 34,999.62 kWh, and on-grid electricity generation was 34,297.77 kWh. An income of RMB127.68 million was obtained from power generation, income of power generation from the same period of last year was nil.

4. *International Market*

Pursuant to the national "One Belt and One Road (一帶一路)" policy and actual implementation of the affiliated projects, the Group has made continuous efforts to promote development of overseas new energy markets, pool and concentrate superior resources and adjust regional market arrangement. With the point-to-area effect concept, our Group aims to use several regional points, namely, Pakistan, Chile and Bangladesh, to implement a comprehensive overall development plan supported by markets in Southeast Asia, the Middle East, North Africa and West Africa. The Group has taken an active part in EPC and development projects of international peers and local competitive electricity companies. It has acquired construction projects by making use of the cost advantage of its industry chain.

- In 2016, the 13.7MW PV project in Chile undertaken by the Group was substantially completed. The 100MW PV project in Pakistan was under the second year of the commercial operation period. On-site operation and maintenance moved forward according to the operation and maintenance manual and the work schedule.

- The Group was awarded a contract for the 205MW PV project in Telangana, India for which the Group provided PV grid-connected inverters, laying foundations for internationalization of products from the Group.

- The NSP2 12MW PV plant project in Thailand undertaken by the Group was selected as the first new energy PV plants to be visited for exhibition and conference on Sustainable Energy & Technology Asia by Thailand National Energy Agency and was spoken highly of by international governmental authorities.

- In January 2017, the Group was awarded a contract for the 17.4MW PV project in Turkey, which achieved a breakthrough in the Turkish market and a good beginning of exploring the international market in 2017.

5. *Relying on Scientific and Technological Innovation*

In addition to the constant breakthroughs by relying on its own research and development ("**R&D**") team, the Group endeavors to cooperate with universities and research institutions at home and abroad in many subjects including the improvements in production technology and process of polysilicon, grid-connection, support system optimization and dust detection. In 2016, the Group has undertaken major projects and topics under the national "863" Program, which had been examined and accepted technically by the Ministry of Science and Technology in its first attempts. Various products have passed examinations and obtained certifications from authorities both home and abroad, the quality and safety of such products have reached the domestic and international advanced level, providing quality assurance for the sales of products. In 2016, the Group applied for in total 103 patents and technology secrets, and was authorized 69 patents. The authorized patents in China amounted to 322, as well as 6 international PCT. The Group actively participated in the compiling of 11 standards, including 1 international standard, 9 national standards and 1 industrial standard. It was the first time for the Group to participate in the compiling of an international standard, being Chlorine Content in Silicon Analyzed by Ion Chromatography (硅中氯元素含量分析離子色譜法).

In 2016, the Group won 3 National Outstanding Patent Awards, 2 Prizes of Scientific and Technological Progress Awards of the autonomous regions and 2 patent awards of the autonomous regions, among which, the Development of Recycling Technical Process for Silicon Tetrachloride (四氯化硅循環利用工藝技術開發) and the Recycling of Heat from Reduction Exhaust of Polysilicon (多晶硅還原尾氣熱能回收利用) were granted the First Prize of Scientific and Technological Progress award and the First Prize of Patent in Xinjiang Uygur Autonomous Region, respectively.

6. *Promoting Intelligent Operation and Maintenance and Interconnection between Energies*

Due to various global issues including resource shortages, environmental pollutions and climate changes, the clean energy sector, such as PV and wind power, have seen tremendous and rapid development in recent years. However, in some regions, troubles with on-grid and consumption exist and the situation of curtailing the use of PV and wind power remains severe. In regard to solutions to information asymmetry and structure optimization, the Internet has its incomparable advantages.

In May 2016, the eCloud Intelligent Operation and Maintenance Platform developed by the Group was unveiled for the first time at the 10th SNEC PV Conference, becoming the focus in such exhibition. This platform is an energy management platform built using a combination of modern communication technology, cloud computing, big data and Internet of Things, through which, all PV and wind power plants, intelligent equipment and enterprise resources under the Group can be operated and maintained in an intelligent manner on the cloud in accordance with its core values, enabling such enterprises to realize stable asset returns, ensure the safety of assets, regulate their management and make critical decisions. Currently, this system has been connected with the power plants of 1GW and runs well, which has provided great support for daily operation and maintenance and production management of such power plants, and also help save significantly labor and materials costs. In September 2016, the eCloud Intelligent Operation and Maintenance Platform of the Group was awarded the "Special Award for Contributions to Energy Internet (能源互聯網特別貢獻獎)" at the first Energy Internet Leaders Forum (能源互聯網領袖論壇) of 2016 hosted by China Energy News, which was in full recognition of the Group's R&D efforts in terms of "Internet plus smart energy (互聯網 + 智慧能源)".

7. ***Improving Safety Management, Strengthening Environmental Protection Awareness***

Adhering to the business philosophy of "safety priority (安全為天)", the Group continued to strengthen safety production management and supervision, increase investment for safety, monitor the implementation of security systems, and improve its security risk control capacity and the overall safety management level by implementing a standardized and lean-oriented safety management, and strengthening its identification and regulation of hidden dangers to ensure the safe operation without any material accident. Also, the Group applies a security management liability mechanism to all employees, and comprehensively execute the preventive management of equipment.

The Group attached great importance to the implementation and emergency management of control programs for major sources of danger, continued to optimize process, checked environmental protection risks on its own, improved environmental protection equipment, controlled the discharge of waste gas, waste water and industrial residue ("**three wastes**") in compliance with standards. In February 2016, the Company was granted the titled of "Pilot Enterprises for National Industrial Products' Ecological (Green) Design (國家工業產品生態(綠色)設計試點企業)" by the Ministry of Industry and Information Technology, which reflected the national acknowledgement on the Company for its insistence on the philosophy of "Green Design, Green Production and Green Management". It was not only an important measure of the Company to achieve sustainable development goals through ecological design, but also a significant manifestation to establish the promotion mechanism and evaluation system for the ecological design of polysilicon products.

III. Operating Results And Analysis

Financial Review

Business Performance Table

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Revenue	**12,001,303**	9,440,899
Cost of sales	**(10,005,131)**	(7,837,326)
Gross profit	**1,996,172**	1,603,573
Other income	**95,934**	189,074
Other gains — net	**35,223**	6,326
Selling and marketing expenses	**(364,192)**	(266,014)
General and administrative expenses	**(593,604)**	(566,184)
Financial expenses — net	**(223,476)**	(261,756)
Share of profit of investments accounted for using the equity method	**1,808**	3,198
Profit before income tax	**947,865**	708,217
Income tax expense	**(141,532)**	(89,073)
Profit attributable to the owners of the Company	**801,133**	611,817
Profit attributable to the non-controlling interests	**5,200**	7,327

Revenue

The Group generates revenue mainly from four business segments, including polysilicon production, engineering-construction-contructing project ("**ECC**"), PV wafer and module manufacturing and BOO. For the year ended 31 December 2016, the revenue of the Group was RMB12,001.30 million, representing an increase of RMB2,560.40 million or 27.12% over RMB9,440.90 million in the corresponding period of last year. The increase was mainly due to the expansion of ECC business scales of the Group.

	Year ended 31 December	
	2016	2015
Business Segments	***RMB'000***	*RMB'000*
Polysilicon Production	**2,542,695**	2,512,807
ECC	**8,432,010**	5,958,195
PV Wafer and Module Manufacturing	**204,080**	244,275
BOO	**127,677**	—
Others	**694,841**	725,622
Total Revenue	**12,001,303**	9,440,899

For the year ended 31 December 2016, the revenue of polysilicon production segment was RMB2,542.70 million, representing an increase of RMB29.89 million or 1.19% over RMB2,512.81 million in the corresponding period of last year.

For the year ended 31 December 2016, the revenue of ECC segment was RMB8,432.01 million, representing an increase of RMB2,473.82 million or 41.52% over RMB5,958.20 million in the corresponding period of last year. The increase was mainly because China PV and wind power industries developed steadily during the Reporting Period, and at the same time, with the external stimulation rush installation before 30 June in the industry, the Group strengthened efforts in market development, which led to the expansion of ECC business scales.

For the year ended 31 December 2016, the revenue of PV wafer and module manufacturing segment was RMB204.08 million, representing a decrease of RMB40.20 million or 16.45% over RMB244.28 million in the corresponding period of last year. The decrease was mainly due to the fierce market competition during the Reporting Period, and the decrease of the price and the sales of the Group's wafer.

For the year ended 31 December 2016, the revenue of BOO segment was RMB127.68 million, while no revenue of BOO segment in the corresponding period of last year, which mainly due to BOO projects of the Group generate power by connecting to grid, which generated revenue during the Reporting Period.

Cost of sales

For the year ended 31 December 2016, the cost of sales incurred by the Group was RMB10,005.13 million, representing an increase of RMB2,167.81 million or 27.66% over RMB7,837.33 million in the corresponding period of last year, which was mainly due to the increase of revenue of the Group for the Reporting Period led to the increase of the corresponding cost.

	Year ended 31 December	
	2016	2015
Business Segments	***RMB'000***	*RMB'000*
Polysilicon production	**1,678,742**	1,736,898
ECC	**7,494,810**	5,153,018
PV wafer and module manufacturing	**279,586**	383,370
BOO	**36,600**	—
Others	**515,393**	564,040
Total cost of sales	**10,005,131**	7,837,326

For the year ended 31 December 2016, the cost of sales incurred by polysilicon production segment was RMB1,678.74 million, representing a decrease of RMB58.16 million or 3.35% over RMB1,736.90 million in the corresponding period of last year.

For the year ended 31 December 2016, the cost of sales incurred by ECC segment was RMB7,494.81 million, representing an increase of RMB2,341.79 million or 45.45% over RMB5,153.02 million in the corresponding period of last year. The increase was mainly due to the expansion of the ECC business scale of the Group resulted in the increase of revenue and the increase of corresponding cost during the Reporting Period.

For the year ended 31 December 2016, the cost of sales incurred by PV wafer and module manufacturing segment was RMB279.59 million, representing a decrease of RMB103.78 million or 27.07% from RMB383.37 million in the corresponding period of last year. The decrease was mainly because of the decrease of sales in wafer of the Group, leading to the decrease in the production cost during the Reporting Period.

For the year ended 31 December 2016, the cost of sales incurred by BOO segment was RMB36.60 million, while no sale cost of BOO segment in the corresponding period of last year, which mainly due to BOO projects of the Group generate power by connecting to grid, which generated revenue and increased the cost correspondingly during the Reporting Period.

Gross profit and gross profit margin

For the year ended 31 December 2016, the gross profit of the Group was RMB1,996.17 million, representing an increase of RMB392.60 million or 24.48% over RMB1,603.57 million in the corresponding period of last year. The comprehensive gross profit margin was 16.63%, representing a decrease of 0.35 percentage point over the corresponding period of last year. The increase in gross profit was mainly because the ECC business scales of the Group were expanded during the Reporting Period, and the supervision of cost of polysilicon was strengthened.

Other income

For the year ended 31 December 2016, the other income of the Group was RMB95.93 million, representing a decrease of RMB93.14 million or 49.26% over RMB189.07 million in the corresponding period of last year. The decrease was mainly because the Group's received government subsidies decreased during the Reporting Period as compared to the same period of last year.

Other gains — net

For the year ended 31 December 2016, the net other gains of the Group were RMB35.22 million, representing an increase of RMB28.90 million or 456.80% from RMB6.33 million in the corresponding period of last year. The increase was mainly due to the increase of exchange gains and the decrease of donation of the Group during the Reporting Period.

Selling and marketing expenses

For the year ended 31 December 2016, the selling and marketing expenses of the Group were RMB364.19 million, representing an increase of RMB98.18 million or 36.91% over RMB266.01 million in the corresponding period of last year. The increase was mainly due to the enhancement of market development and the increase of marketing expenses of the Group during the Reporting Period.

General and administrative expenses

For the year ended 31 December 2016, the general and administrative expenses of the Group were RMB593.60 million, representing an increase of RMB27.42 million or 4.84% over RMB566.18 million in the corresponding period of last year. The increase was mainly because the business scale of the Group was expanded, staff costs increased during the Reporting Period.

Financial expenses — net

For the year ended 31 December 2016, the net financial expenses of the Group was RMB223.48 million, representing a decrease of RMB38.28 million or 14.62% from RMB261.76 million in the corresponding period of last year. The decrease was mainly due to the decrease of the overall interest rate of the Group during the Reporting Period.

Share of profit of investments accounted for using the equity method

For the year ended 31 December 2016, the share of profit of investments accounted for using the equity method of the Group was RMB1.81 million, representing a decrease of RMB1.39 million or 43.46% from RMB3.20 million in the corresponding period of last year. The decrease was mainly because of the decrease of the profit of the associate enterprise of the Group affected by curtailing the use of wind and PV power during the Reporting Period.

Income tax expense

For the year ended 31 December 2016, the income tax expense of the Group was RMB141.53 million, representing an increase of RMB52.46 million or 58.89% over RMB89.07 million in the corresponding period of last year. The increase was mainly because the total profit of the Group increased over the corresponding period of last year and the income tax deductions based on the national policy in the same period of previous years was more than that in the Reporting Period.

Profit attributable to the owners of the Company

For the year ended 31 December 2016, profit attributable to the owners of the Company was RMB801.13 million, representing an increase of RMB189.32 million or 30.94% over RMB611.82 million in the corresponding period of last year.

Profit attributable to the non-controlling interests

For the year ended 31 December 2016, the profit attributable to the non-controlling interests of the Group was RMB5.20 million, representing a decrease of RMB2.13 million or 29.03% from RMB7.33 million in the corresponding period of last year. The decrease was mainly due to the increase of shareholding ratio of the subsidiary company TBEA Xinjiang New Energy Co., Ltd. ("**Xinjiang New Energy**") by the holding company.

Cash Flows

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Net cash inflow (used in)/generated from operating activities	**(224,598)**	2,898,439
Net cash outflow used in investing activities	**(2,351,459)**	(2,973,827)
Net cash inflow generated from financing activities	**1,606,807**	1,974,717
Net (decrease)/increase in cash and cash equivalents	**(969,250)**	1,899,329

Net cash inflow (used in)/generated from operating activities

For the year ended 31 December 2016, the net cash used in operating activities of the Group was RMB224.60 million, representing a decrease of RMB3,123.04 million or 107.75% from RMB2,898.44 million in the corresponding period of last year. The decrease was mainly because of the expansion of the ECC business of the Group during the Reporting Period, and the significant increase in purchase costs as compared to the corresponding period of last year.

Net cash outflow used in investing activities

For the year ended 31 December 2016, the net cash outflow used in investing activities of the Group was RMB2,351.46 million, representing a decrease of RMB622.37 million from RMB2,973.83 million in the corresponding period of last year. The decrease was mainly because the restricted cash of the Group was released and recovered during the Reporting Period.

Net cash inflow generated from financing activities

For the year ended 31 December 2016, the net cash inflow generated from financing activities of the Group was RMB1,606.81 million, representing a decrease of RMB367.91 million or 18.63% over RMB1,974.72 million in the corresponding period of last year. The decrease was mainly due to the Group generated a significant cash inflow from pre-listing and issuance of shares by equity financing in the last year, and the increase of debt financing for the construction of the Group's BOO and BT projects during the Reporting Period, but the increase of cash inflow from debt financing was less than that generated from equity financing for last year.

Operation Fund

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Cash and cash equivalents at the end of the year (RMB'000)	**1,897,947**	2,862,403
Gearing ratio	**83.26%**	49.39%
Inventory turnover rate (times)	**2.28**	2.16
Inventory turnover days (days)	**158.04**	166.67

On 31 December 2016, the cash and cash equivalents of the Group were RMB1,897.95 million (31 December 2015: RMB2,862.40 million).

The required capital fund of the BT and BOO businesses which the Group are engaged in generally accounts for 20%–30% of the total investment of the project, the rest of which is bank loans, which has a great impact to the gearing ratio of the Group. As at 31 December 2016, the gearing ratio of the Group was 83.26% while that as at 31 December 2015 was 49.39%. The gearing ratio was calculated by dividing its net liabilities by total equity, of which the net liabilities was the part with restricted bank balances and bank balances and cash subtracted from total interest-bearing liabilities.

BT projects under development and held for sale was included in the inventory account, and whether BT project can be transferred in time is significantly important for Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 2.28 times and 158.04 days on 31 December 2016, respectively, and the inventory turnover rate and turnover days of Group were 2.16 times and 166.67 days on 31 December 2015, respectively.

By virtue of the stable cash inflow from the daily business operations and finance business, the Group has sufficient resources to support future expansion.

Capital expenditure

For the year ended 31 December 2016, the major capital expenditure of the Group included: RMB2,610.44 million for the purchase of property, plant and equipment, RMB8.60 million for the purchase of intangible assets and RMB57.86 million for the purchase of land use rights.

Contingent liabilities

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司, "**Jiangsu Zhongneng**") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and commercial secrets, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed the by Company, the Supreme People's Court of the People's Republic of China ruled to the case should be under the jurisdiction of the Xinjiang Province People's Court. Before this announcement is approved for issue, the aforementioned litigation is in the process of transfer, therefore no trial session has been conducted by Xinjiang Province People's Court yet. After considering the opinion of an independent legal counsel, the directors of the Company are of the opinion that this litigation is still at a very early stage with the outcome and the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision is made with respect to the aforementioned claim as at 31 December 2016.

Apart from the above, the Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. For the year ended 31 December 2016, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the consolidated financial statements.

Employees, remuneration, retirement and employees benefit scheme

As of 31 December 2016, the Group has 3,706 employees in total, including 648 operating management personnel, 564 technicians, 1,374 production personnel, etc. The total remuneration of the Group's employees was RMB664.94 million in total for 2016.

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments in areas in which the Company operates, the Group established the pension plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. In addition, the Group also set up a corporate annuity system for providing retired employees with further protection. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on state, provincial, autonomous region and municipal requirements of the PRC. The Group also established an employee housing fund in accordance with applicable PRC regulations.

Assets mortgage

As at 31 December 2016, secured short-term bank borrowings with an amount of RMB200,000,000 were pledged by the notes receivable of the Group. As at 31 December 2016, secured long-term bank borrowings with an amount of RMB6,635,150,000 were pledged with certain property, plant and equipment, land use rights, inventory and receivable collection right. As at 31 December 2016, secured short-term other borrowings with an amount of RMB194,542,000 were pledged with certain property, plant and equipment of the Group and the guarantee deposit of RMB15,000,000. As at 31 December 2016, secured long-term other borrowings with an amount of RMB342,142,000 were pledged with the Group's certain property, plant and equipment and guarantee deposit of RMB14,800,000; and the secured long-term other borrowings with amounts of RMB143,000,000 and RMB36,000,000 were guaranted by the Company and Xinjiang New Energy for the project companies, respectively.

Major acquisition and disposal of assets

During the Reporting Period, the Group had no major acquisition and disposal of subsidiaries, associates and joint ventures.

Major investments

During the Reporting Period, the Group had an investment of RMB658 million on technological transformation projects for its polysilicon, of which the total production volume of polysilicon will reach 30,000 tons per year after completion of such projects. Meanwhile, the Group had investments on the construction of BOO projects.

Foreign exchange risks

Most of the Group's business is located in China and is traded in RMB. The Group's assets and liabilities involved in exchange risks and transactions from the operation are mainly related to US dollar and Hong Kong dollar. The Directors believe that the exposure of the foreign exchange risk is minimal, and the said risk will not have material adverse risk on the financial performance of the Group. The Group currently does not have a foreign currency hedging policy, but the management of the Group closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed.

Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. All borrowings are obtained at variable rates and expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. It will have no material adverse impact on the financial position of the Group.

Capital liquidity

As of 31 December 2016, current assets of the Group amounted to RMB13,909.48 million, among which, RMB2,848.47 million was cash at bank and on hand; RMB3,247.11 million was trade and notes receivable primarily consisted of receivables from ECC and sales of inverter; RMB1,025.05 million was prepayments and other receivable and other current assets primarily consisted of deductible VAT and advances.

As of 31 December 2016, current liabilities of the Group amounted to RMB12,802.53 million, including RMB6,935.44 million of trade and notes payable (primarily consisting of payables for purchase of PV and wind power projects equipment, laboring, materials procurement, coal fuels and spare parts of polysilicon); RMB2,253.43 million of provisions and other payables (primarily consisting of construction expenses and retention of PV and wind power projects), and RMB3,432.23 million of short-term borrowings.

As of 31 December 2016, net current assets amounted to RMB1,106.95 million, representing an increase of RMB904.07 million as compared with net current assets amounted to RMB202.88 million as of 31 December 2015. The liquidity ratio was 108.65% as at 31 December 2016, representing an increase of 7.21 percentage points as compared with the liquidity ratio of 101.44% as at 31 December 2015. Restricted deposits amounted to RMB950.53 million, mainly including deposits for bills and issuance of the letter of credit.

The liquidity risks of the Group are controlled by the ample cash and available funds, which have been committed to the credit financing. The Group satisfies its operating capital demand through funds from operation and bank borrowings.

Borrowings and notes payable

As of 31 December 2016, the Group's balance of the borrowings and notes payable amounted to RMB13,269.75 million, representing an increase of RMB1,160.13 million as compared with the balance of the borrowings and notes payable of RMB12,109.62 million as of 31 December 2015. As of 31 December 2016, the Group's outstanding borrowings and notes included short-term borrowings and notes payable of RMB6,933.15 million (including long-term borrowings due within one year of RMB819.69 million and notes payable of RMB3,500.92 million) and long-term borrowings amounting to RMB6,336.60 million.

Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each of local entities is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions (including restricted cash), as well as credit risk exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of its customers taking into account various factors including their financial position, past experience and other factors. The management does not expect any losses from non-performance by these counterparties, except for those recognized.

Events after the balance sheet date

On the board meeting held on 24 March 2017, the Board proposed a final dividend of RMB0.12 (tax inclusive) per share for the year ended 31 December 2016.

Resignation of Director

Mr. Wang Jian had resigned as a non-executive director of the Company and a member of the audit committee due to changes in job allocation with effect from 8 March 2017.

IV. Prospects

- ***Market Prospects***

  The "13th Five-Year Plan" is an important period for China's economic transition, energy revolution and system and mechanism innovation, and is also critical for the upgrading of solar power and wind power sectors. The introduction of various policies, such as national supply-side reform, electricity sale-side reform, destocking, decreases in benchmark on-grid tariffs, fore-runner and super fore-runner policy, is constantly diversifying the transaction modes; technological advances result in decreases in costs, and the state is most likely to abolish new energy subsidies in the future with an ultimate goal of "grid parity"; electricity curtailments in key regions such as Xinjiang are expected to fade out thanks to the building of "National Big Corridors (國家大通道)" and "Electricity Transmission from Xinjiang to Other Areas (疆電外送)"; and new technologies, including big data, cloud computing, energy internet and intelligent energy, will provide concept and technology supports for the rapid innovative development of new energy. Due to evolution of such policies, technologies and information, not only is the new energy sector embracing rare development opportunities, but the sector is also faced with highly severe challenges.

  According to the "13th Five-Year Plan" for electric power development issued by the NEA, by the end of 2020, the solar energy installed generating capacity is expected to be 110GW, among which, PV installed generating capacity and solar thermal power installed generating capacity will amount to 105GW and 5GW, respectively; furthermore, the accumulated wind power installed capacity for grid-connection will be more than 210GW. In addition, the PV installed generating capacity for grid-connection and the wind power installed generating capacity for grid-connection are expected to increase by 18GW and 20GW, respectively in 2017 in accordance with the National Energy Working Conference held on 27 December 2016.

During the period of the "13th Five-Year Plan", the new energy sector in China will enter a period of scale development and its overall energy demand will continue to rise in a rigid manner. The government will accelerate energy production and consumption revolution and upgrade the general strategic planning of ecological civilization construction, with a view to achieving the goal of non-fossil energy accounting for 15% in the energy portfolio in 2020 and thus establishing the strategic position of new energy in the energy portfolio. As the national strategic emerging industries, wind power and solar power will make contributions to accelerating the national economic upgrade. Despite the on-grid tariffs are decreasing year by year, the state's polices of giving priority to new energy consumption will remain unchanged; besides, as the electric power system reform accelerates, the construction of electricity transaction system and intelligent grids will provide favorable supporting facilities for new energy development. During such period, opportunities coexist with challenges, but the former will prevail over the latter.

- ***Business plan in 2017***

Faced with new opportunities and challenges, the Group will carry forward the spirits of preciseness, pragmatism and aggressiveness. Specifically, it will analyze the industrial landscape to get clear development directions and grasp opportunities in the market, and will prepare overall and detailed plans based on the strategic planning of the "13th Five-Year Plan" so as to achieve a development of all businesses in 2017.

(1) Continue to reinforce the safety foundation and ensure safe and zero accident operation

The Group will comprehensively implement safety and environment risk control measures and safe production responsibility systems in line with requirements of operation standardization and process-oriented management; it will also lift safety and environment control standards and alter the currently passive control style in an innovative manner, in order to realize real-time and effective information management.

(2) Continue to improve the quality of polysilicon and elevate the production automation level

The Group will further lower the unit cost of products and enhance production efficiency by means of technological transformation and innovation, and will keep eyes on any updated development of polysilicon production technology to mitigate new risks arising from potential technological innovation in the industry. Meanwhile, it will conduct systematic planning to elevate the production automation level of polysilicon production lines in stages and with focuses, in hope of narrowing the gap between the relatively advanced enterprises abroad and itself.

(3) *Accelerate the research of multi-patterns for business and snatch central and eastern resources*

The Group will deepen its layout and exploitation of the central and eastern markets, conduct further study of alternative business modes for power station including decentralized PV and poverty alleviation via PV, and intensify its efforts to develop power stations by adhering to policies of "complementary in fishing and PV (漁光互補)" and "complementary in farming and PV (農光互補)" in order to encourage more cooperation with fishing and farming enterprises. As to the ultra-high voltage grids in the "Three Norths (三北)" region, the Group will reinforce its resource advantages, construct power stations in line with regional situations, selectively choose and develop quality resources into BOO projects and increase the number of operators, laying solid foundation for long-term and sustainable development.

(4) *Focus on the positioning of new energy manufacture sector and accelerate the upgrading towards high-end manufacturing*

In order to accelerate the transition from traditional manufacturing to high-end manufacturing, the Group should have a clear positioning and focus on inverters and SVG products with market prospects and core competitiveness. Furthermore, it will strengthen system integration capacity of flexible direct-current ("**DC**") transmission and continue to explore cutting-edge technologies for flexible DC, such as high voltage transmission, high capacity transmission, multi-terminal networking transmission and overhead line transmission; develop new products based on its own intellectual properties or domestically manufactured key components, with a view to reducing costs and facilitating application of flexible DC technology in middle and low voltage distribution networks; and speed up the informatization of the new energy operation and maintenance platform building, in order to lift the intelligence level of operation and maintenance of BOO projects.

(5) *Grasp opportunities arising from "One Belt and One Road" and seize international market share*

In South Asia, West Asia, Southeast Asia and Central Asia regions along the "One Belt and One Road", there are abundant solar resources available to develop the PV industry; some countries including Pakistan, Egypt, India, Saudi Arabia and the United Arab Emirates have also introduced their own tariffs policies for wind and PV power generation. Leveraging on the market opportunities and financing conditions brought about by the national policy of "One Belt and One Road", the Group will perform in-depth research into potential opportunities in the aforementioned countries and other countries and explore various forms of cooperation while avoiding risks, thus expanding international market share.

(6) Promote technological innovation and accelerate achievement transformation

With regard to polysilicon production, the Group will continue to carry out scientific and technological innovation of projects so as to realize the transformation of scientific research projects to operating results, through focusing on improving the quality and quantity of polysilicon and reducing energy consumption, and therefore further enhance the competitiveness of product.

With regard to the development of wind and PV resources, the Group will strengthen R&D, continue to promote the technical research of intelligent PV and wind power plants, substations, flexible transmission technologies, and possess flexible DC transmission engineering system integration capabilities through independent R&D and technical cooperation, etc. The Group will establish the strategic thinking of App Internet energy to realize intelligent control over the operation and maintenance of power plants; continue to explore energy interconnection models based on current intelligent operation and maintenance technology of eCloud; and strive to bring about larger transactions and service systems by means of advanced information, automated control and internet from current intelligent operation and maintenance system, create more energy value-added services by integrating energy producers and consumers and ultimately set up a direct trading interconnection mode between clean energy and power users.

V. Risk Factors and Risk Management

(1) Risks associated with falling price of polysilicon

The Group mainly sells its polysilicon to the manufacturers of PV products in China, and the price of polysilicon depends on the demand for PV products in China. Some factors, including the advancement of polysilicon production technology, the state's adjustments of policies in relation to PV power generation, fierce market competition and reduction in demand for downstream PV products, may result in surplus and decline in price of polysilicon, thus affecting the revenue and results of operations of the Group. In 2016, a number of polysilicon manufacturer built factories or expanded capacity in Xinjiang, which further increased the Group's pressure.

The Group will strengthen technology R&D, and reduce costs and improve quality by expanding production capacity and enhancing production efficiency, so as to mitigate the risks resulting from reduction in price of polysilicon.

(2) Risks associated with market competition

In 2016, the PV and wind power industry of China continued to maintain a strong growth momentum. The technology level of manufacturers was gradually improved along with the rapid development of the industry, and the number of polysilicon manufacturers, PV and wind power project contractors increased continuously, which led to fierce market competition. Due to the PV and wind power industry whose scale in the market is affected greatly by the installed capacity planned by the gorernment, the competition will be more fierce if the government reduce the installed capacity. The above factors may impose certain impact on the market share of the Group.

The Group will actively respond to challenges in the market, and exert its own advantages through providing high quality products and rendering professional services, so as to further consolidate and enhance its position in the industry.

(3) Risks associated with grid connection and consumption of PV and wind power

During the Reporting Period, grid connection and absorption problems of PV and wind power continued to deteriorate. The problem of curtailment of PV and wind power persisted in some areas and the absorptive capacity suffered deficiency in some local areas. The problems of grid stability and control and management have not been fundamentally resolved. At the same time, the rush installation triggered by on-grid tariff cut will also cause pressure to the grid connection and absorption of PV and wind power.

The Group will make reasonable plans during the development of wind and solar resources and strengthen development efforts in the areas with favorable grid connection and absorption conditions to ensure the power generation efficiency and effectiveness of the power plants.

(4) Risks associated with tariff cut

According to the Notice Regarding the Adjustment to Benchmark On-Grid Tariffs of PV and Onshore Wind Power Generation《關於調整光伏發電陸上風電標杆上網電價的通知》issued by the NDRC on December 2016, the on-grid benchmark tariffs of PV and wind power plants had been appropriately reduced in order to reasonably guide and bring about new energy investments, which meant the PV and wind power generation sectors had taken another big step toward achieving the stated objective of "grid parity" in 2020. However, to achieve the goal of "grid parity" as soon as possible, the PV and wind power on-grid tariffs are still faced with reduction pressure. In 2016, the PRC government approved another eight new pacemakers bases besides Datong advanced PV technology demonstration base in Shanxi, igniting another round of upsurge in competing for the title of PV fore-runner. As such, the industry participants will obtain construction projects through auction mode, and such competition pattern for resource distribution will inevitably lead to PV power tariffs decreasing at a faster pace.

The Group will increase investments in R&D, further reduce the costs of power generation and improve the generating hours through technical upgrading, which will partially offset the risks of tariff cut.

USE OF PROCEEDS FROM LISTING

The planned use of raised fund as of 31 December 2016 is detailed as follow:

No.	**Use**	**Amount of allocation** *RMB million*	**Utilized** *RMB million*	**Unutilized** *RMB million*
1	Construction and operation of the Group's BOO projects	762.00	582.66	179.34
2	Replenishment of operating capital	135.27	128.59	6.68
3	Repayment of part of long-term bank loans	235.74	235.74	0.00
4	Investment in R&D activities and purchase or update IT system	58.66	0.00	58.66
Total		**1,191.67**	**946.99**	**244.68**

FINAL DIVIDEND

On 24 March 2017, the Board proposed the distribution of a final dividend of RMB0.12 per share (including tax) for the year ended 31 December 2016, after the appropriations to the statutory surplus reserve according to the relevant regulations. The amount denominated in RMB will be converted based on the average of mid-point conversion rate between RMB and HK$ issued by the People's Bank of China for the five working days prior to the declaration of dividends at the annual general meeting (the "**AGM**") to be held on 16 June 2017. The Company will distribute final dividend for 2016 to the shareholders of the Company no later than 14 August 2017.

Withholding and Payment of Final Dividend Income Tax

Withholding and Payment of Enterprise Income Tax on Behalf of Overseas Non-Resident Enterprises

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividend to non-resident enterprise holders of H Shares (including any H Shares registered in the name of HKSCC Nominees Limited).

Withholding and Payment of Individual Income Tax on Behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules as well as the Tax Notice (《稅收通知》), the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of individual holders of H Shares:

- For individual holders of H Shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend;

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend. If relevant individual holders of H Shares would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice (《稅收通知》). Qualified shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual holders of H Shares in the distribution of the final dividend; and

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual holders of H Shares in the distribution of the final dividend.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of shareholders who are entitled to receive the final dividend, the register of members of the Company will be closed from 23 June 2017 (Friday) to 28 June 2017 (Wednesday), both days inclusive, during which no transfer of shares will be registered. Holders of H shares and domestic shares whose names appear on the register of members of the Company on 28 June 2017 (Wednesday) are entitled to receive the final dividend. In order to determine the holders of H shares of the Company who are qualified for the final dividend payment, all transfer documents accompanied by the relevant H share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 22 June 2017 (Thursday) for registration.

In order to determine the list of shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on 16 June 2017 (Friday), the register of members of the Company will be closed from 17 May 2017 (Wednesday) to 16 June 2017 (Friday), both days inclusive, during which no transfer of shares will be registered. Holders of H shares and Domestic shares whose names appear on the register of members of the Company on 16 June 2017 (Friday) are entitled to attend and vote at the annual general meeting. Holders of H shares of the Company who intend to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant H share certificates must be lodged with the Company's H share registrar mentioned above no later than 4:30 p.m. on 16 May 2017 (Tuesday) for registration. Domestic shares of the Company who intend to attend and vote at the annual general meeting shall submit all transfer documents accompanied by the relevant domestic share certificates to the office of the Board Secretary of the Company no later than 4:30 p.m. on 16 May 2017 (Tuesday) for registration.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. The Company has complied with applicable code provisions as set out in the CG Code for the year ended 31 December 2016 and up to the date of this announcement.

MODEL CODE ON SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding director's and supervisors' securities transactions. Directors and supervisors of the Company confirms that, having made specific enquiry of all directors and supervisors, they have complied with the required standard as set out in the Model Code during the year ended 31 December 2016. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities for the year ended 31 December 2016 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2016 annual results and the financial statements for the year ended 31 December 2016 prepared in accordance with the IFRS.

AUDITOR

PricewaterhouseCoopers was appointed as the auditor to audit the consolidated financial statements prepared in accordance with the IFRS for the year ended 31 December 2016. The consolidated financial statements prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers. The Company has retained PricewaterhouseCoopers since the date of preparation of its listing.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2016 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xtnysolar.com). The 2016 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Xinte Energy Co., Ltd.
Chairman
Zhang Jianxin

Xinjiang, China
26 March 2017

As of the date of this announcement, the Board of the Company consists of Mr. Zhang Jianxin, Mr. Ma Xuping and Mr. Yin Bo as executive directors; Mr. Zhang Xin and Ms. Guo Junxiang as non-executive directors; Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive directors.